

## SETTLEMENT AGREEMENT

This Settlement Agreement is entered into this 20<sup>th</sup> day of August, 2002, between the Department of Housing and Urban Development ("HUD") and The First American Corporation. This Settlement Agreement applies to The First American Corporation, its officers, directors, employees, successors, and assignees, and to all subsidiaries of The First American Corporation and their officers, directors, employees, successors, and assignees ("First American"). HUD and First American together shall be referred to herein as the "Parties."

**Whereas**, Section 8(a) of the Real Estate Settlement Procedures Act ("RESPA"), 12 U.S.C. § 2607(a), requires that "[n]o person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person.";

**Whereas**, HUD instituted an inquiry and investigation into certain practices of First American and other title companies relating to their provision of "virtual tours" of residential real property offered for sale in Texas to real estate brokers or real estate agents at no cost to the brokers or agents for the period commencing on May 1, 2000, through and including the date of this agreement;

**Whereas**, the term "virtual tour" refers to the internet-based service by which any person can access a website that displays photographs of residential real property offered for sale and that the person may be able to manipulate to obtain a panoramic view of the interior and/or exterior of the property;

**Whereas**, First American has provided HUD with information on both the number of virtual tours First American provided and the costs associated with providing virtual tours;

**Whereas**, as a result of its inquiry and investigation, HUD asserts that by providing virtual tours, First American has provided a "thing of value" in exchange for the referral of business in violation of Section 8(a) of RESPA;

**Whereas**, First American denies that its provision of "virtual tours" violates Section 8(a) of RESPA;

**Whereas**, the Parties desire to resolve any and all RESPA issues arising from the provision of "virtual tours";

**Whereas**, this Settlement Agreement shall not constitute an admission of liability or fault on the part of First American;

**Whereas**, the Parties desire to avoid further expenses and proceedings, and to reach a mutually satisfactory resolution of this matter by entering into this Settlement Agreement;

**Whereas**, this Settlement Agreement covers only those practices of First American identified herein, known to and alleged by HUD regarding the provision of virtual tours in the State of Texas;

**Whereas**, by entering into this Settlement Agreement, HUD does not approve or authorize the use of "virtual tours" or any other ancillary business;

**Whereas**, the terms set forth in this Settlement Agreement are an appropriate disposition of this matter and in the public interest;

**NOW, THEREFORE**, in consideration of the mutual promises and representations set forth herein, and in further consideration for HUD's reliance upon the substantial accuracy and good faith of First American's representations and submissions concerning the number of virtual tours provided by First American and the cost to First American of providing such virtual tours, the Parties hereby agree and intend to be legally bound by the following:

(1) As of the date of execution of this Settlement Agreement, whenever First American provides a virtual tour with respect to residential real property located within the state of Texas, First American will comply with all provisions of RESPA and with all of the provisions of Paragraph (2) of this Settlement Agreement.

(2) Whenever First American provides a virtual tour to or for the benefit of any person in a position to refer title insurance business with respect to residential real property located within the State of Texas, First American will provide such virtual tour only in accordance with the provisions of Paragraph (2) of this Settlement Agreement.

(A) Before providing a virtual tour, First American shall charge and collect a fee for any virtual tour that it provides to a person in a position to refer residential title insurance business. First American agrees not to provide a virtual tour for free. The fee shall not be less than the actual cost to First American of providing the virtual tour. Any such fee collected that equals or exceeds the actual cost of the virtual tour to First American shall be deemed reasonable.

(B) The fee charged and collected for any virtual tour shall be uniform for all purchasers of the virtual tour, and the virtual tour service shall be available, to the extent allowable by law, to any purchaser who wishes to avail himself or herself of the service.

(C) When First American provides a virtual tour to or for the benefit of a real estate broker or real estate agent, First American shall notify such broker or agent, in writing or by electronic mail, that there is no agreement, understanding or requirement

to refer title insurance business to First American, resulting from the fact that First American provides such broker or agent with a virtual tour.

(D) First American will not refuse to provide a virtual tour to any person because the person does not refer title insurance business to First American.

(3) Within twenty (20) business days of the execution of this Settlement Agreement, First American shall make a payment of \$43,500.00, payable to the United States Treasury, delivered to Peter S. Race, Assistant General Counsel, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW, Room 9253, Washington, DC 20410.

(4) First American waives, releases, and remits any and all claims directly or indirectly against HUD or HUD employees whether known or unknown, with respect to this matter. HUD releases any and all claims as identified herein and known at the time of execution of this Settlement Agreement that might be made with regard to this matter against First American.

(5) Based on First American's compliance with the terms of this Settlement Agreement, HUD will terminate its related investigation and take no further enforcement action against First American under Section 8 of RESPA as to this matter.

(6) HUD intends to apply and interpret the requirements of Paragraph (2) of this Settlement Agreement and Section 8 of RESPA uniformly for all title companies providing title services in the State of Texas.

(7) Each of the Parties shall bear its own attorneys' fees and costs.

(8) First American agrees to fully cooperate with HUD in its ongoing investigation of alleged violations of RESPA with regard to virtual tours in the state of Texas.

(9) This Settlement Agreement is a binding and final agreement that applies to and binds each of the persons or entities identified in the first paragraph of this Settlement Agreement. Provided, however, that First American shall be entitled to relief from the provisions of Paragraph 2 in order to engage in conduct permitted by RESPA in the event that section 8 of RESPA is amended or in the event that the provisions of Regulation X interpreting and applying section 8 of RESPA are amended.

(10) By entering into and performing its obligations under this settlement agreement, First American does not admit any liability to HUD or any other person or entity. First American denies any liability or violation of RESPA and the implementing regulations. This Settlement Agreement is entered into solely to compromise and to settle disputed matters.

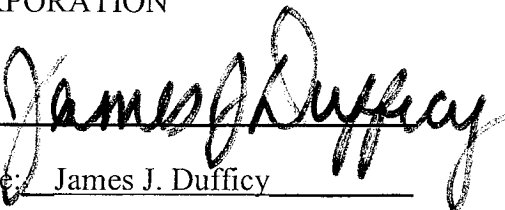
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first stated above.

DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT

By: 

Name: John C. Weicher  
Assistant Secretary for  
Title: Housing-Federal Housing  
Commissioner

THE FIRST AMERICAN  
CORPORATION

By: 

Name: James J. Dufficy

Title: VP, Regulatory & Special  
Counsel